

**AR41**

**Granby Mining  
Corporation**

**INTERIM REPORT  
TO SHAREHOLDERS**

**for the six months ended  
March 31, 1977**

**17th FLOOR-1050 WEST PENDER STREET  
VANCOUVER, BRITISH COLUMBIA  
V6E 2H7**

# Granby Mining Corporation

17th Floor, 1050 West Pender Street,  
Vancouver, British Columbia V6E 2H7

May 2, 1977.

To the Shareholders:

The consolidated operating results (unaudited) are as follows:

	Three Months Ended March 31		Six Months Ended March 31	
	1977	1976 (Restated)	1977	1976 (Restated)
Net revenue .....	\$ 9,258,000	\$ 5,854,000	\$14,925,000	\$11,141,000
Expenses:				
Cost of production .....	5,704,000	5,194,000	11,220,000	10,358,000
Depreciation, depletion and amortization .....	701,000	647,000	1,369,000	1,299,000
Exploration .....	180,000	29,000	327,000	219,000
General and administrative ..	321,000	269,000	593,000	526,000
	<u>6,906,000</u>	<u>6,139,000</u>	<u>13,509,000</u>	<u>12,402,000</u>
Operating income (loss) .....	2,352,000	(285,000)	1,416,000	(1,261,000)
Investment and other income ...	<u>227,000</u>	<u>39,000</u>	<u>425,000</u>	<u>240,000</u>
Income (loss) before taxes and minority interest .....	2,579,000	(246,000)	1,841,000	(1,021,000)
Provision for taxes:				
Mineral land tax .....	—	—	—	63,000
Income and resource taxes	<u>984,000</u>	<u>(177,000)</u>	<u>768,000</u>	<u>(397,000)</u>
	<u>984,000</u>	<u>(177,000)</u>	<u>768,000</u>	<u>(334,000)</u>
Income (loss) before minority interest .....	1,595,000	(69,000)	1,073,000	(687,000)
Minority interest .....	<u>25,000</u>	<u>1,000</u>	<u>17,000</u>	<u>(8,000)</u>
Net income (loss) .....	<u>\$ 1,570,000</u>	<u>\$ (70,000)</u>	<u>\$ 1,056,000</u>	<u>\$ (679,000)</u>
Net income (loss) per share ....	<u>\$1.09</u>	<u>\$(.05)</u>	<u>\$ .73</u>	<u>\$(.47)</u>
Cash dividends per share .....	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Shares outstanding .....	<u>1,444,371</u>	<u>1,444,371</u>	<u>1,444,371</u>	<u>1,444,371</u>

The consolidated statement of changes in financial position (unaudited) is as follows:

	Six Months Ended	
	March 31	
	1977	1976 (Restated)
Working capital provided by:		
Operations:		
Net income (loss) for the period .....	\$ 1,056,000	\$ (679,000)
Depreciation, depletion and amortization .....	1,369,000	1,299,000
Deferred income and resource taxes .....	394,000	(82,000)
Minority interest .....	17,000	(8,000)
Other .....	(46,000)	16,000
Working capital provided by operations .....	2,790,000	546,000
Proceeds from disposal of property, plant and equipment .....	319,000	139,000
Long-term borrowing .....	2,043,000	839,000
Total working capital provided .....	\$ 5,152,000	\$ 1,524,000
Working capital applied to:		
Increase in refundable deposits and other assets .....	\$ 118,000	\$ 49,000
Additions to property, plant and equipment .....	937,000	1,552,000
Exploration costs deferred .....	73,000	94,000
Acquisition of minority interest .....	—	61,000
Deferred pre-production expenditures .....	82,000	—
Reduction of long-term debt .....	400,000	—
Total working capital applied .....	\$ 1,610,000	\$ 1,756,000
Increase (Decrease) in working capital .....	\$ 3,542,000	\$ (232,000)
Working capital at beginning of period (restated) .....	16,555,000	18,085,000
Working capital at end of period .....	\$20,097,000	\$17,853,000

Consolidated results for the first six months of fiscal 1977 show Net Income of \$1,056,000 or \$.73 per share, compared to a net loss of \$679,000, or \$.47 per share, for the same period a year earlier.

Results for the periods ended March 31, 1976 have been restated to reflect a reduction in Mineral Land Tax resulting from (a) the exemption from tax of stockpiled ore on hand at December 31, 1973, and (b) the rescission of the provisions of the British Columbia Mineral Land Tax Act, as they relate to assessments based on the value of the Companies' production, effective January 1, 1976. The effect of the foregoing is to reduce the previously reported net loss for the three months ended March 31, 1976 from \$272,000 to \$70,000, and to reduce the previously reported net loss for the six months ended March 31, 1976 from \$972,000 to \$679,000.

The average London Metal Exchange price for copper in the current six month period was \$.62 U.S. per pound, compared with \$.55 U.S. in the year earlier period. The higher price, together with increased production referred to below, resulted in a 34% increase in net revenue in the current six month period. The increase in production costs in the first six months of fiscal 1977 is due mainly to (a) the higher stripping ratio at Granisle, where approximately 5.7 million tons of waste were removed, compared with 3.7 million tons in the same period a year ago, and (b) additional costs associated with the increased throughput as shown below.

As explained in the Notes to the Consolidated Financial Statements in the 1976 Annual Report, Granisle Copper Limited was reassessed for mining tax payable for the period December 1, 1969 to September 30, 1971. The additional amount alleged to be owing was \$869,012, including statutory interest of \$149,820, which was paid by Granisle. Following an appeal by Granisle to the Supreme Court of British Columbia, the Court rendered a judgement substantially favourable to the Company on May 9, 1975. The subsequent appeal from this decision by the Minister of Finance was dismissed by the Court of Appeal in a unanimous judgement rendered on December 10, 1976. No further appeal was made by the Minister and a revised reassessment in accordance with the terms of the Judgement was issued in March, 1977. As a result, Granisle has recovered from the British Columbia Government \$841,632, including interest of \$146,083, in respect of the period ended September 30, 1971.

Also, the mining tax liability for the years 1972 to 1975 has been reduced by \$688,000 and consolidated retained earnings increased by \$1,503,155 after allowing for minority interest. Working capital at September 30, 1975 and 1976 has been increased by \$1,409,632 after allowing for deferred taxes of \$120,000.

Shareholders were notified by a separate mailing on April 22, 1977 that the Company has been informed by The Pacific Stock Exchange Incorporated that trading on the Exchange in the stock of Granby Mining Corporation was halted prior to the opening of business on April 13, 1977.

The Exchange has further advised that, if the Board of Governors should so determine, it will make application to the U.S. Securities and Exchange Commission to strike the security from listing and registration.

This unilateral action, which is outside the Company's control, has been taken by the Exchange because the number of publicly-held shares of Granby is less than the minimum number of 100,000 shares required by the Exchange as one of their conditions for continuation of listing.

The shares of Granby Mining Corporation continue to be listed on the Toronto and Vancouver Stock Exchanges.

Production statistics are given below:

	Three Months Ended March 31		Six Months Ended March 31	
	<u>1977</u>	<u>1976</u>	<u>1977</u>	<u>1976</u>
<b>PHOENIX MINE</b>				
Average tons milled per day . . . .	2,877	2,880	2,902	2,918
Pounds of copper produced . . . .	1,925,000	1,908,000	4,064,000	4,316,000
<b>GRANISLE MINE</b>				
Average tons milled per day . . . .	13,948	11,968	14,018	12,638
Pounds of copper produced . . . .	9,910,000	7,767,000	19,086,000	16,293,000

Combined copper production from the two mines in the first half of fiscal 1977 totalled 23,150,000 pounds, up 12% from the 20,609,000 pounds produced in the year earlier period.

At Phoenix production was down by 6% due to the lower grade of ore milled.

At Granisle the tonnage milled in the current six month period was 11% higher than the year-earlier period, due mainly to softer-grinding ore; this resulted in a 17% improvement in copper production.

On Behalf of the Board,

R. P. Taylor,  
President.